



ANNUAL REPORT OF THE BOARD OF DIRECTORS ON REMUNERATION POLICY

I. INTRODUCTION

The Board of the Spanish National Securities and Exchange Commission (*Comisión Nacional del Mercado de Valores*, hereinafter CNMV) approved the Unified Good Governance Code, which includes a raft of non-compulsory recommendations for listed companies under the principle “comply or explain”. Companies may decide whether to follow the recommendations or otherwise to do so with deviations, subject to the sole requirement that they must, where applicable, explain their reasons for not following the recommendations to the letter, with due regard paid to the particular circumstances of each company.

Sacyr Vallehermoso, S.A. happens to comply with a large number of such recommendations, thus resulting in this Report of the Board of Directors on Remuneration Policy.

To elaborate further, this report is based on Recommendation 35 of the Unified Code, which suggests that the remuneration policy approved by the Board should refer to the fixed pay components and board or board committee attendance fees; to variable pay items; to any benefit schemes or systems; and to the terms and conditions of the contracts of senior executives.

In turn, Recommendation 40 of the Unified Code advises companies to submit a report on the directors’ remuneration policy to the advisory vote of the General Shareholders’ Meeting. The report should focus in particular on the year underway and explain the most significant changes with respect to the previous year.

II. PREPARATION OF THE REPORT

1. Remuneration for attendance of Board and Board committee meetings

Pursuant to the Bylaws, Sacyr Vallehermoso, S.A. directors, as members of the Board of Directors, are entitled to receive remuneration from the company comprising a fixed annual sum and allowances for attendance of meetings. For 2008, the remuneration agreed by the Board was as follows:

- As Board member: €72,000 gross per year.
- As member of the Executive Committee: €48,000 gross per year.
- As member of the Audit Committee or Appointments and Remuneration Committee: €24,000 gross per year.

A detailed breakdown of the amounts received by directors for performance of their duties on the Board in 2009 is provided below. However, as explained in the following paragraphs, in 2008 the members of the Board of Directors did not accrue any amounts as remuneration for their duties on the Board and are required to reimburse any amounts they may have received in advance from the company, thus generating an account receivable for the latter.

Directorship pay envisaged in bylaws	Board	Executive Committee	Audit Committee	App. & Rem. Committee	Total
Luis Fernando del Rivero Asensio	66,000.00	44,000.00			110,000.00
Manuel Manrique Cecilia	66,000.00	44,000.00			110,000.00
Nueva Compañía de Inversiones, S.A.	68,106.07	44,000.00			112,106.07
Diogo Alves Diniz Vaz Guedes	66,000.00	44,000.00			110,000.00
Demetrio Carceller Arce	66,000.00	44,000.00		22,000.00	132,000.00
Prilou, S.L.	66,000.00	44,000.00		22,000.00	132,000.00
Mutua Madrileña Automovilística (Alta 07/08)	66,000.00	20,000.00			86,000.00
Participaciones Agrupadas, S.R.L.	66,000.00	44,000.00	22,000.00		132,000.00
Torreal, S.A.	66,000.00		22,000.00		88,000.00
Grupo Satocan, S.A. (Alta 11/08)	6,000.00		2,000.00		8,000.00
Corporación Caixa Galicia, S.A. (Alta 11/08)	6,000.00	4,000.00		2,000.00	12,000.00
Matías Cortés Domínguez	66,000.00			22,000.00	88,000.00
Actividades Inmobiliarias y Agrícolas, S.A.	66,000.00		22,000.00		88,000.00
Prilomi, S.L.	66,000.00				66,000.00
Francisco Javier Perez Gracia	66,000.00				66,000.00
Jose Luis Méndez López (Baja 11/08)	60,000.00	40,000.00		20,000.00	120,000.00
Juan Miguel Sanjuan Jover (Baja 11/08)	60,000.00		20,000.00		80,000.00
TOTAL	992,106.07	372,000.00	88,000.00	88,000.00	1,540,106.07

Notwithstanding the foregoing and in accordance with Article 43 of the company's Bylaws, the total remuneration payable to directors for their duties as Board members, which is determined at the General Shareholders' Meeting, may not exceed 2.5% of the net profit for the year attributable to the parent company, as reflected in the Group's consolidated financial statements.

Consequently, given that this 2.5% of the profit attributable to the parent company in 2008 was below zero, the directors accrued no remuneration whatsoever over the year and, as provided for in the company's Bylaws, are required to reimburse any amounts they may have received in advance. On 31 December 2008, the company recognized a balance receivable from each director equivalent to the amount paid in advance to each director as allowances and other benefits envisaged in the Bylaws. These balances will be offset against remuneration accrued in 2009 or subsequent years. In the event a director steps down or is removed from the Board in 2009 or subsequent years without having fully reimbursed the amount due, the director will be required to make a cash payment to liquidate and settle any outstanding amounts.

In 2009, neither attendance fees nor other Bylaw-stipulated emoluments were accrued or received.

In March 2010 once the Board of Directors had authorized the half-yearly interim financial report and the accompanying financial statements, both of which showed profits which were deemed sufficient to accrue the attendance fees and By-law stipulated emoluments approved for 2009..

Part of these attendance fees will offset the receivables recognized by the company at the end of 2008 for the amounts of Bylaw-stipulated emoluments received.

Pursuant to the Bylaws, Sacyr Vallehermoso, S.A. directors, as members of the Board of Directors, are entitled to receive remuneration from the company comprising a fixed annual sum and allowances for attendance of meetings. In 2009, the remuneration agreed by the Board was as follows:

- As Board member: €6,000 gross per year.
- As member of the Executive Committee: €4,000 gross per year.
- As member of the Audit Committee or Appointments and Remuneration Committee: €2,000 gross per year.

The breakdown of the receivables recognized at the close of 2008 and the attendance fees and emoluments accrued in March 2010 in respect of 2009 are as follows:

DIRECTOR	DIETAS 2009							Gross payable
	Allow. 2008	Return of allow. 2008	Board	Executive Committee	Audit Committee	Appoint. & Remuneration Committee	Total allow. 2009	
Luis Fdo. Del Rivero Asensio	(110,000.00)		66,000.00	44,000.00			110,000.00	0.00
Manuel Manrique Cecilia	(110,000.00)		66,000.00	44,000.00			110,000.00	0.00
Demetrio Carceller Arce	(132,000.00)		66,000.00	44,000.00		22,000.00	132,000.00	0.00
Matias Cortes Dominguez	(88,000.00)		66,000.00			22,000.00	88,000.00	0.00
Francisco Javier Perez Gracia (Baja 06/09)	(66,000.00)	66,000.00					0.00	0.00
Juan Miguel Sanjuan Jover (Baja 11/08)	(80,000.00)	80,000.00					0.00	0.00
Jose Luis Méndez López (Baja 11/08)	(120,000.00)	120,000.00					0.00	0.00
Diogo Alves Diniz Vaz Guedes	(110,000.00)		66,000.00	44,000.00			110,000.00	0.00
Participaciones Agrupadas, S.L.	(132,000.00)		66,000.00	44,000.00	22,000.00		132,000.00	0.00
Mutua Madrileña Automovilística (Alta 07/08 Baja 12/09)	(86,000.00)		66,000.00	44,000.00			110,000.00	24,000.00
Nueva Compañía de Inversiones, S.A.	(112,106.07)		66,000.00	44,000.00			110,000.00	(2,106.07)
Torreal, S.A. (Baja 06/09)	(88,000.00)		36,000.00		12,000.00		48,000.00	(40,000.00)
Prlou, S.L.	(132,000.00)		66,000.00	44,000.00		22,000.00	132,000.00	0.00
Prlomi, S.L.	(66,000.00)		66,000.00				66,000.00	0.00
Actividades Inmobiliarias y Agrícolas, S.A.	(88,000.00)		66,000.00		22,000.00		88,000.00	0.00
Grupo Satocan, S.A.	(8,000.00)		66,000.00		22,000.00		88,000.00	80,000.00
CxG Corporacion Caixa Galicia, S.A. (Alta 11/08)	(12,000.00)		66,000.00	44,000.00		22,000.00	132,000.00	120,000.00
Austral V.B. (Alta 06/09)			30,000.00		10,000.00		40,000.00	40,000.00
TOTAL	(1,540,106.07)	266,000.00	924,000.00	396,000.00	88,000.00	88,000.00	1,496,000.00	221,893.93

2. Remuneration of executive directors

Article 43 of the Bylaws dictates that directors engaged in executive functions will be entitled to receive remuneration comprising: (a) a fixed component; (b) a variable component; (c) an attendance-based component and; (d) severance pay, insofar as the departure is not due to a breach attributable to the director. The task of determining the corresponding amount rests with the Board of Directors, following a report to such effect from the Appointments and Remuneration Committee. In carrying out this task, the Board will pay due heed to prevailing market conditions and the responsibility and degree of commitment of each director. Lastly, the agreed remuneration must be submitted to the General Shareholders' Meeting for its approval.

The remuneration of executive directors for 2009, which has been duly approved by the SyV Board of Directors and will be submitted to the approval of the General Shareholders' Meeting, is as follows:

	<u>Fixed</u>	<u>Variable</u>	<u>Insurance premium</u>	<u>Total</u>
Luis Fernando del Rivero Asensio	2,040,000.06	0.00	590.28	2,040,590.34
Manuel Manrique Cecilia	584,360.98	409,052.89	436.32	993,850.19

The remuneration approved by the Board and by the General Shareholders' Meeting for executive directors in 2008 was as follows:

	<u>Fixed</u>	<u>Variable</u>	<u>Other Group companies</u>	<u>Total</u>
Luis Fernando del Rivero Asensio	2,040,690.11	0.00	66,000.00	2,106,690.11
Manuel Manrique Cecilia	584,720.94	451,454.00	66,000.00	1,102,174.94
Francisco Javier Pérez Gracia	265,107.71	202,566.00	66,000.00	533,673.71

3. Details of any additional benefit schemes

Directors are afforded no additional benefit schemes, with the exception of executive directors, who enjoy health insurance and life insurance for a combined total of €72,000, this being the same insurance as that provided to a significant group of company and Group employees.

4. Provisions of the senior management contracts

There is no standard form contract for members of the senior management, as each member negotiates his or her own terms based on the specific characteristics of the director in question.

Two members of the Management Committee have senior management contracts that envisage severance pay of between one and two years of salary in the event of dismissal.

5. Involvement of the Appointments and Remuneration Committee

Following a favourable report from the Appointments and Remuneration Committee, the company's pay policy for 2009 was duly approved by the Board of Directors at its meeting held on 30 March 2009. The committee was assisted in its work by the General Resources and Human Resources Departments.